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By: **Senators Brochin, Klausmeier, and Mooney**

Introduced and read first time: January 26, 2006

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Estate Tax - Unified Credit Effective Exemption Amount and**  
3 **Deduction for State Death Taxes**

4 FOR the purpose of repealing a certain limit on the unified credit used for  
5 determining the Maryland estate tax; repealing a certain requirement that a  
6 person responsible for paying the inheritance tax file an estate tax return and  
7 pay the estate tax under certain circumstances; repealing a requirement that  
8 the Maryland estate tax be determined without regard to a certain deduction  
9 allowed under the federal estate tax; providing for the application of this Act;  
10 and generally relating to the Maryland estate tax.

11 BY repealing and reenacting, with amendments,  
12 Article - Tax - General  
13 Section 7-309  
14 Annotated Code of Maryland  
15 (2004 Replacement Volume and 2005 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Tax - General**

19 7-309.

20 (a) Notwithstanding an Act of Congress that repeals or reduces the federal  
21 credit under § 2011 of the Internal Revenue Code, the provisions of this subtitle in  
22 effect before the passage of the Act of Congress shall apply with respect to a decedent  
23 who dies after the effective date of the Act of Congress so as to continue the Maryland  
24 estate tax in force without reduction in the same manner as if the federal credit had  
25 not been repealed or reduced.

26 (b) (1) Except as provided in [paragraphs (2) and (3)] PARAGRAPH (2) of this  
27 subsection, after the effective date of an Act of Congress described in subsection (a) of  
28 this section, the Maryland estate tax shall be determined using:

1 (i) the federal credit allowable by § 2011 of the Internal Revenue  
2 Code as in effect before the reduction or repeal of the federal credit pursuant to the  
3 Act of Congress; and

4 (ii) other provisions of federal estate tax law, INCLUDING THE  
5 APPLICABLE UNIFIED CREDIT ALLOWED AGAINST THE FEDERAL ESTATE TAX, as in  
6 effect on the date of the decedent's death.

7 (2) [Except as provided in paragraph (3) of this subsection, if] IF the  
8 federal estate tax is not in effect on the date of the decedent's death, the Maryland  
9 estate tax shall be determined using:

10 (i) the federal credit allowable by § 2011 of the Internal Revenue  
11 Code as in effect before the reduction or repeal of the federal credit pursuant to the  
12 Act of Congress; and

13 (ii) other provisions of federal estate tax law, INCLUDING THE  
14 APPLICABLE UNIFIED CREDIT ALLOWED AGAINST THE FEDERAL ESTATE TAX, as in  
15 effect on the date immediately preceding the effective date of the repeal of the federal  
16 estate tax.

17 [(3) (i) Notwithstanding any increase in the unified credit allowed  
18 against the federal estate tax for decedents dying after 2003, the unified credit used  
19 for determining the Maryland estate tax may not exceed the applicable credit amount  
20 corresponding to an applicable exclusion amount of \$1,000,000 within the meaning of  
21 § 2010(c) of the Internal Revenue Code.

22 (ii) The Maryland estate tax shall be determined without regard to  
23 any deduction for State death taxes allowed under § 2058 of the Internal Revenue  
24 Code.

25 (4) If a federal estate tax return is not required to be filed, the person  
26 responsible for paying the inheritance tax on property that passes from a decedent  
27 under Subtitle 2 of this title is responsible for filing a Maryland estate tax return and  
28 paying the Maryland estate tax imposed on the transfer of the Maryland estate of the  
29 decedent.]

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 July 1, 2006, and shall be applicable to decedents dying after December 31, 2005.